



Minutes of the Meeting of the Board of Selectmen

Date: April 23, 2014

Place: McCourt Social Hall

Present: Chair Woodbury, Vice Chair Berthiaume, Clerk Stevens, Members Fritze, Pepe, and Administrator Gaudette.

At 6:02 p.m. Chairman Woodbury called the meeting to order and led the Pledge of Allegiance.

Public Hearing – Informational Session Regarding Town Meeting & Election

Chairman Woodbury opened the public hearing at 6:02 pm.

Administrator Gaudette discussed the purpose of his presentation and provided an overview. Key points include:

- Recent Fiscal History - Main sources of revenue include State Aid and Local Receipts. State Aid has been reduced by 26% since 2008, while at the same time Local Receipts dropped by 28%. This loss of revenue was compounded by a 25% increase in education and 75% increase in pension liability. During this time, the Town has not asked for an Override.
- Why No Overrides - The Board took steps in 2006 to address health insurance costs, which included increasing contribution rates to 40% for both retirees and active employee and also increasing co-pay amounts for active employees. In addition, a number of positions were eliminated, wage freezes implemented, and various budget line items were reduced. These steps allowed prior year budgets to be funded without an Override request. At this point, the budget can no longer be funded without asking for an Override or making serious reductions.
- Recent SEBRSD Budget History – in FY14, the SEBRSD discovered a serious budget shortfall and as a result proposed assessments for both Towns increased by 35% and failed to pass at Town Meetings. Ultimately the budget was set by the Department of Elementary and Secondary Education (DESE), resulting in the need for Spencer to use reserves to make up for the shortfall and balance the budget.
- FY2015 Budget Outlook – the additional SEBRSD assessment from FY14 carries over to FY15 as the new threshold. The total shortfall is estimated at \$1,122,482. Education expenses makes up over 50% of the budget.
- Proposition 2 ½ Override – State statute limits property tax increases by municipalities to 2 ½ % of the prior year's tax levy. There is an exception that allows residents to vote to Override the 2 ½ % in the form of a ballot question at the Annual Town Election.
- Election Information – Ballot questions include \$538,482 for the SEBRSD Assessment increase and \$484,000 for the General Government revenue shortfall. Each question requires majority rule.

- Impact of Override Approvals - the annual impact on a \$200,000 home is \$226 if both Override requests are approved.
- Impact of Override Rejections – Various departmental services will be cut if the Town Services question fails. If the SEBRSD question fails, the provisions of MGL c. 71 § 16B kicks in and if a budget is not in place by December 1st, the DESE will set the budget.
- The Hearing was opened to the public at 7:30 p.m.
 - Richard Braney asked why the School District's budget increase is higher than the 2 ½ percent. Mr. Gaudette said the State sets the assessment, which increases each year and Chapter 70 funding is reduced, requiring the Town to pay more.
 - Anthony Aube suggested amending the Town Bylaws to schedule the Annual Town Meeting after Chapter 70 has been released. Mr. Gaudette said it is unlikely the District will lower the budget if the assessment goes down and preparations need to be made for any changes set to occur at the beginning of the fiscal year.
 - Bob Cirba said there is confusion over the Debt Exclusion request and asked if it is funded by the District or the Town. The Administrator said the Debt Exclusion request for \$632,000 in technology needs is money borrowed by the District and if approved, the assessments are revised to include the new amount.
 - Al Atchue, Meadow Rd., asked if any Debt Exclusions are coming off the tax rolls. Mr. Gaudette noted the remaining years for the ladder truck, Town Hall, and Sibley Farm.
 - Heidi Malone, 128 Mechanic St., asked if the average tax bill increase is about \$20 per month. Mr. Gaudette said if both questions pass the increase will be \$226 per year on the average tax bill.

Selectmen Stevens thanked the Administrator for the thorough presentation and for his efforts in managing the budget. Selectmen Berthiaume said the Town is fortunate to have him on board. The Board agreed.

The hearing was closed at 7:42 pm.

Discussion/Action Warrant Article 7 Reductions

Article 6 (Meals Tax) was reviewed. Mr. Gaudette noted if passed at Town Meeting, the tax will go into effect on July 1st. However, if it doesn't pass, Article 7 (General Government) will need to be reduced by \$100,000.

A list of budget line items was reviewed for potential reductions. The Administrator asked the Board for any other ideas to reduce the budget, noting cuts that have already been factored in cannot be counted again or will be considered double dipping. A "Plan B" needs to be in place to determine where to look if Article 6 does not pass.

Chairman Woodbury said after a detailed review of the budget, he doesn't see any areas to reduce above and beyond those previously discussed.

Mr. Stevens mentioned the line item for Stormwater Management which is at \$90,000 and suggested it may be useful to hear from Steven Tyler to determine what reductions in this area may involve. Mr. Gaudette pointed out the Town has not been in compliance with the EPA and is currently at risk for fines. Thirty towns agreed to participate in the CIC grant to obtain the best possible rate to perform this work. Some towns add a stormwater tax to property owners. The intent is to maintain water quality, however it is an unfunded state mandate and burdensome to communities.

Mr. Berthiaume recommends Chief Darrin provide information on streetlights, noting public safety is a top priority and he's not in favor of reductions in this area unless the Chief agrees.

The Board will vote at the next meeting when Mr. Pepe is present.

The meeting adjourned at 8:30 p.m. All were in favor.

Respectfully submitted,

Brenda Savoie
Administrative Assistant

Referenced Materials:

FY15 Budget Presentation for Information Session